
Questar Increase in urban gas rates rejected

Regulators decide the proposed change would unfairly benefit a select few rural communities

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State utility regulators have turned down Questar Gas Co.'s plan to charge all of its customers an additional \$1.7 million a year that would have enabled nearly three-dozen rural communities to pay off their debts to the company.

In an order issued late Tuesday, the Utah Public Service Commission said the plan would have inappropriately increased rates for more than 800,000 customers, while conferring a windfall for a select group.

"While we are personally sympathetic to the economic challenges faced by rural residents and businesses, the commission is charged with ensuring that rates are just and reasonable for all customers," PSC Chairman Ric Campbell said in a statement announcing the order.

Unchallenged, the order will bring to an end years of controversy that came to a head when Beaver County officials and representatives from other rural communities recently complained to the PSC about their expensive natural gas service.

For the past 12 years or so, many residents of Beaver, Millard and parts of Iron, Washington and Emery counties have paid an extra \$16 to \$30 a month on their gas bills. The charges - originally expected to appear on customer bills for up to 20 years, depending on the community - were designed to reimburse Questar Gas for extending its pipelines and service into those areas.

After those rural communities complained that their high gas bills were costing them jobs and economic development, they found allies in Questar Gas, the state's Division of Public Utilities and later the Committee of Consumer Services. All supported the idea of removing the charges from the bills of rural residents and having everyone else pick up the tab.

"Obviously we thought it was a good idea - but we're [Questar] revenue neutral in the matter," Questar Gas spokesman Chad Jones said. "We're going to be collecting those revenues regardless."

But instead of all of Questar's customers paying an extra \$2.28 a year, the rural communities will be required to retire their debts.

"This is a major, major, major disappointment," said Allen Henrie, the city manager for Panquitch, whose residents pay an extra \$30 a month on their natural gas bills to repay Questar. "I don't know what we're going to do, but I doubt that we're going to give up the fight."

Consumer advocate Roger Ball - who stepped forward as the lone opponent against the plan by Questar, the cities and the Committee of Consumer Services to raise rates - said he was pleased by the PSC's order.

"It is interesting to contemplate if the PSC would have come to the same conclusion

without having heard any arguments against the deal," Ball said.

The PSC noted that just because it turned down the plan doesn't mean the rural communities are left without potential solutions to deal with their natural gas rates. It suggested, for example, that one possibility might be refinancing the unpaid balances of the debt owed Questar on a community-by-community basis.

"This would have the two-fold effect of lessening the monthly burden of higher charges for households and reducing the difference in charges among communities, thus improving economic development opportunities," the PSC said.

The Committee of Consumer Services - which is charged with representing the interests of individual consumers and small businesses in utility-rate matters - declined comment on the PSC order until its officials have time to study the ruling.

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